





Welcome

Dave Knott
Chairman 




Dave Knott Chairman

Welcome

Dave Knott
Chairman 

Virtual Meeting Guide



ArborGen HOLDINGS

www.arborgenholdings.com
https://globalmeet.webcasts.com/jarthere.asp?m=132062852_303necf-520a

VIRTUAL MEETING GUIDE

Remote entry to the Annual Shareholder Meeting will open at 10.00AM NZT on Wednesday 26 August 2020, with the meeting commencing at 10.30AM NZT.

TO PARTICIPATE IN THE MEETING:

1. Click on www.arborgenholdings.com or
2. https://globalmeet.webcasts.com/jarthere.asp?m=132062852_303necf-520a
3. Press "OK" "Enter the AGM", or
4. Enter the meeting ID 353-612-043.

IF YOU WISH TO VOTE DURING THE MEETING:

Enter your username and password (CMA/Holder Number and postcode).
 What the poll is about, click and select your desired voting direction.

NEW ZEALAND RESIDENTS
 Username (CMA or Holder Number) and password (postcode).

OVERSEAS RESIDENTS
 Username (CMA or Holder Number), and password (three character ISO country code), eg AUS, USA, GBR.
 For more country codes see www.computershare.com/nz.

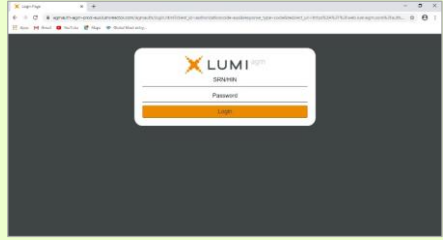
APPOINTED PROXY
 A username and password will be provided prior to the meeting.
 If you have not received your username and password, please contact Computershare on +64 9 488 8777 between 8.30am-5.00pm Monday to Friday (New Zealand time).

FOR GUEST ACCESS:
 You may enter as a guest and use questions - you do not require your shareholder details, however you will not be able to vote.


SOFTWARE REQUIREMENTS:
 Virtual meetings are accessible on both desktop and mobile devices. In order to participate remotely you will need to either:
 - Ensure that your browser is compatible - Lumi AGM supports the latest versions of Chrome, Safari, Internet Explorer, Edge and Firefox, or
 - Download Lumi AGM from the app store or Google Play Store for free - search for Lumi AGM.
 - If you have any questions, or need assistance with the online process, please contact Computershare on +64 9 488 8777 between 8.30am-5.00pm Monday to Friday (New Zealand time).

If you will be using a mobile device - shareholders are encouraged to download the app prior to the Annual Meeting.

Meeting Entry



Computershare Helpline
+64 9 4 888 777

Question icon 

Board and Management



Andrew Baum



Ranjan Tandon



Paul Smart



Thomas Avery



George Adams



Ozey Horton

Dave Knott
Chairman



Programme

CEO's Review

Chairman's Comments


Shareholder Questions

Resolutions

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CEO Review

Andrew Baum
CEO 




Andrew Baum
CEO

Covid-19

Andrew Baum
CEO 

- + Effectively dealing with the impact of Covid-19 across all business units:
 - Implemented social distancing and other protocols to protect our people
 - Furloughed high risk employees
 - Quarantining employees exposed to the virus

- + Continuing usual production activities at all our facilities


Andrew Baum
CEO 

March 2020 YE Results



- + Last year was particularly challenging due to a combination of factors and events from prior periods
- + Despite these challenges the Group reported:
 - A 16% increase in revenue to \$56.9m, up from \$49.1m in the prior period
 - An IFRS net loss of \$2.7m (inclusive of \$3.9m of abnormal items)
 - After adjusting for abnormal items, an IFRS net profit result of \$1.2 million, up from a loss of \$0.6 million in the prior period
- + US-GAAP underlying earnings result up 52% y-o-y to \$9.3m from \$6.1m (after adjusting for abnormal items)

All figures in US\$


Andrew Baum
CEO 

Abnormal Items



- + Total abnormal items of \$3.9m were mostly non-cash and related to prior year events
 - Seed cost adjustment of \$2.3m arose due to historical weather events materially reducing harvested seed yields, impacting:
 - Cost of goods of seedlings sold during the period by \$1.1m
 - Closing seed inventory at year end by \$1.2m
- + We also incurred ~ \$1m in seedling credits to address seedling survival issues experienced by some customers on 2018-2019 crop
 - While we do not believe that our seedlings were a contributing factor, we agreed in some limited instances to provide replacement seedlings in 2019-2020, consistent with our competitors actions
 - Sharing some of our customers' pain will serve us in good stead going forward, and further strengthen our relationships with them

All figures in US\$

Andrew Baum
CEO 

Abnormal Items


... continued

- + Additional abnormal items included
 - + \$0.4m of yield losses relating to 2021 varieties
 - + \$0.2m being the final ArborGen acquisition related costs


All figures in US\$



Global Revenue

Andrew Baum
CEO 


- + We reported a 16% y-o-y increase in revenues as we delivered a record level of seedlings during the year
- + Total seedling units sold during the period were 437 million seedlings including:
 - 333 million seedlings in the US, of which 300m were loblolly pine (30% MCP & Varietal seedlings)
 - 39 million seedlings in Australasia
 - 65 million seedlings in Brazil

Andrew Baum
CEO 

United States of America




- + US sales up 19% from the prior period driven by:
 - Integration of the TexMark Timber Treasury (TTT) nursery in Texas
 - Increased sales from the Taylor nursery in South Carolina, adding to our production capacity in 2018
 - Continued progress in our sales and marketing efforts aimed at private landowners
- + MCP sales relatively flat due to seed constraints
- + Demand for MCP was strong with seedlings sold out early in the season
- + Increased MCP seed supply should see significant lift in seedling sales from 2022 onwards

Andrew Baum
CEO 

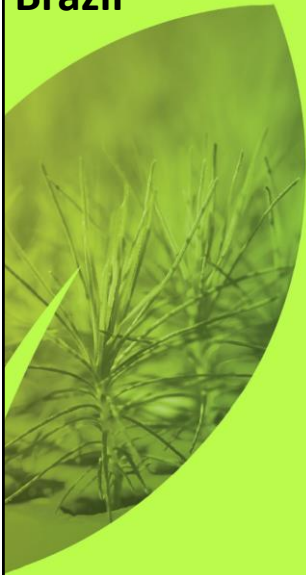
New Zealand




- + The NZ business had a very strong year
 - Increased seedling unit sales by 80%
 - Revenue growth of 51%
- + Key contributor to seedling sales growth
 - NZ government's one billion trees programme
 - Demand driven by maturation of forest estates planted in the early 1990s
- + Although the government programme is not expected to be a significant factor moving forward, we expect maturing of forest estates planted in the early 1990s and the increased importance of trees in carbon schemes will lead to continued strong markets over the next few years

Andrew Baum
CEO 

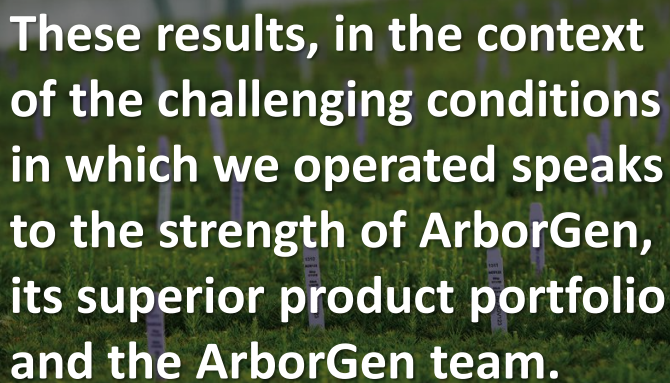
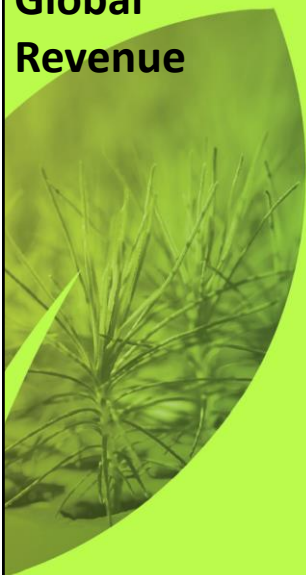
Brazil




- + Sales increased 30% over the prior year
 - Brazilian reforestation rates increased; and
 - Value of our proprietary products become increasingly clear
- + Products licensed from Gerdau are showing exceptional promise
- + Sales bolstered by integration of the Minas Gerais nursery leased last year
- + We leased an additional nursery in the state of Mato Grosso do Sul at the beginning of our current fiscal year
- + Internal production capacity is now over 25 million seedlings in the largest eucalyptus growing state and the most rapidly growing eucalyptus market in the country

Andrew Baum
CEO 

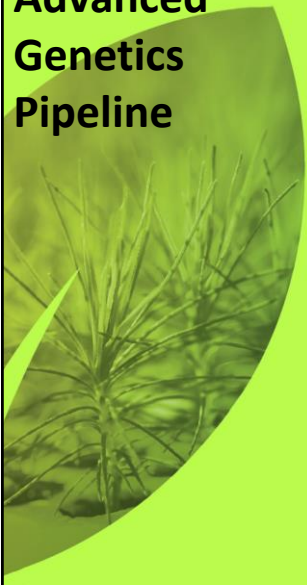
Global Revenue



These results, in the context of the challenging conditions in which we operated speaks to the strength of ArborGen, its superior product portfolio and the ArborGen team.

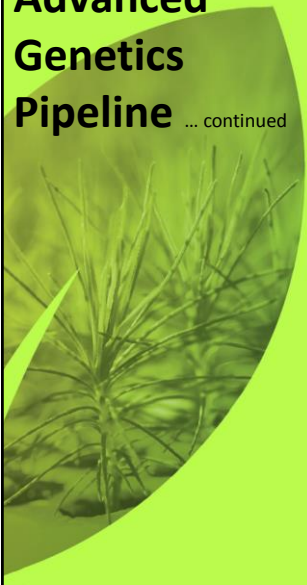
Andrew Baum
CEO 


Advanced Genetics Pipeline



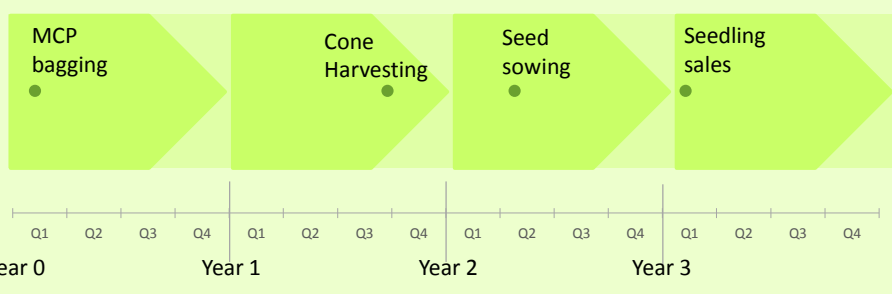
- + MCP seed production to grow exponentially as our younger and more advanced seed orchards approach optimum yield years
 - A direct result of investments made 5-10 years ago to expand seed orchards with the best genetics

Advanced Genetics Pipeline ... continued



Andrew Baum
CEO 

Production Timeline



Advanced Genetics Pipeline ... continued

Andrew Baum
CEO



- + Expecting a step change increase in MCP seed harvest levels next month which will be available for seedling production in the 2021-2022 season
- + In March we set a record for MCP pollination activity supporting another strong seed harvest next year
- + Beyond the next 1-2 years MCP seed production is projected to continue to grow significantly, approaching 300 million seedling equivalents by 2025

Advanced Genetics Pipeline ... continued


Andrew Baum
CEO



- + The growth in MCP seed supply is critical to increasing sales of MCP seedlings and building much needed buffer inventory
- + Ongoing investment in product development is allowing us to offer even more advanced products to our customers as we move them up the MCP value chain
 - Until recently, we had three broad performance categories of MCP products – MCP advanced, MCP select and MCP-elite (elite is the best in class)
 - A fourth category is MCP 2.0, recently introduced to the market
 - Performance outcomes are a step improvement over MCP-elite
 - We have already pre-sold our entire production of over 2m seedlings of MCP 2.0 for the 2020-2021 season

Advanced Genetics Pipeline ... continued




Andrew Baum
CEO 

- + We continue to see validation from field performance data of our top MCP and Varietal products pushing the boundaries in loblolly improvement
- + ArborGen is the only global developer and supplier of loblolly Varietal products
- + Varietals represent the pinnacle of genetics value and are used as parents to produce our best in class, proprietary OP and MCP products – which no competitor can match

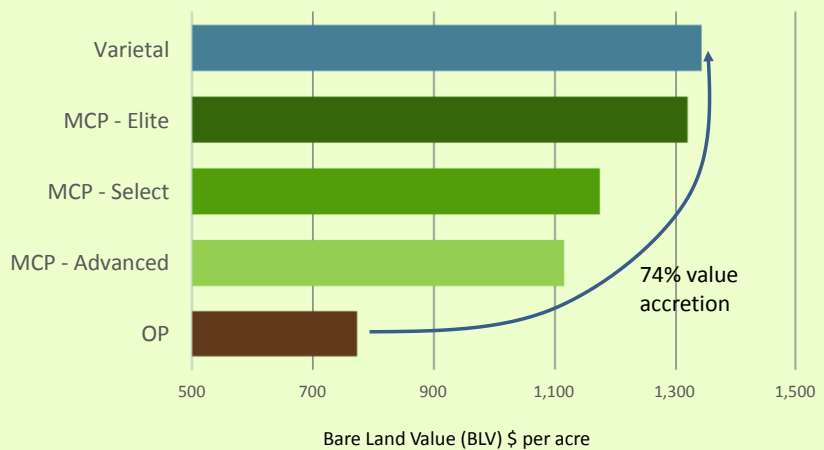



Value Creation




Andrew Baum
CEO 

Substantial value created by our top MCP and Varietals


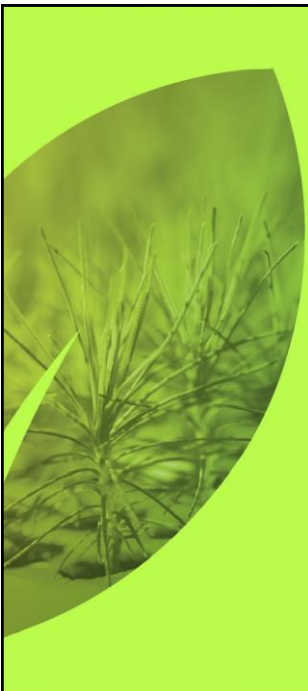




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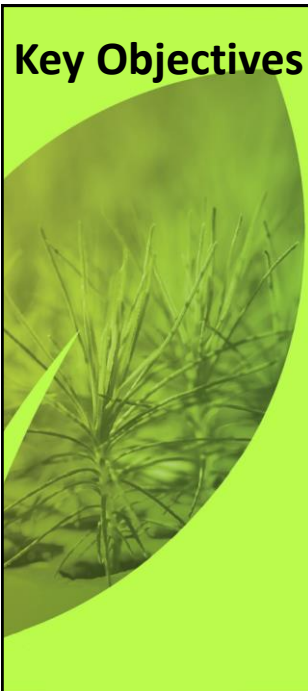
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Key Objectives

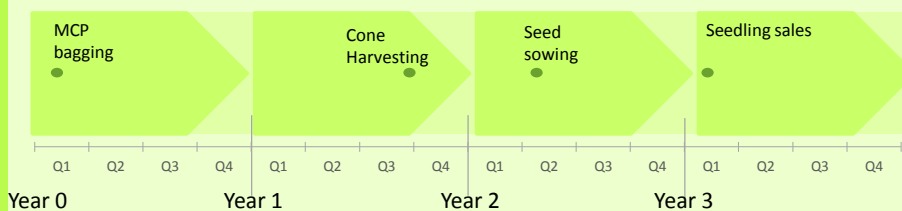
- + Our primary focus is improving cash generation, especially important with Covid-19
- + The most critical driver of earnings and cash flow growth is growth in MCP sales
- + We have invested in developing best-in-class proprietary genetics and deploying those genetics in our seed orchards
- + We are increasing our MCP bagging and pollination activity to increase future seed supply



Seed Harvest Life Cycle

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Chairman 

- + Last year's MCP seed supply from our orchards was adversely affected by abnormal weather events and unusual biological factors that occurred in calendar years 2017 and 2018
- + The life cycle:
 - Pollination begins in early spring of the first year
 - Cones or seed are harvested in the fall of the following year (about eighteen months later)
 - Seed is then used or sown in our nurseries in the spring of the third year to produce seedlings



Looking Ahead

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Chairman 

- + Based on latest inventory counts in ArborGen's orchards, we are projecting a significant increase in MCP seed to be harvested next month
- + In the high demand Coastal region, MCP seed harvest is expected to be nearly triple last year's harvest
- + This allows us to materially increase MCP sales next year and build critical buffer seed inventory
- + The expected increase in MCP seed supports a significant improvement in gross margins, earnings and cash flow
- + Our key priority is getting through the harvest season, achieving the yields and continuing to build on the demand-side momentum for advanced genetics

Immediate Cash Flow Initiatives

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Chairman



- + We continue to focus on:
 - Reducing discretionary costs and capital expenditure
 - Leveraging available Covid-19 government funding programmes
 - Streamlining R&D spend
 - Optimising our assets to improve cash flows




Earnings

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Chairman




- + We expect US-GAAP underlying earnings for year ending March 2021 to be higher than the \$9.3 million reported for the March 2020 fiscal year, subject to any uncontrollable factors
- + In New Zealand and Australia, sales expected to come in close to plan
- + In our single largest market, the United States, where lifting commences in December, we have confirmed sales orders for over 90% of our seedlings
 - Advanced genetics sales expected to be flat on the prior year
 - H-2B visa applicants working in forestry have recently been given an exemption from the ban on additional visas to H-2B workers
- + In Brazil, while pine sales have been solid, eucalyptus sales to date have been affected by the impact of Covid-19 in the region
 - We continue to grow our customer base by leveraging the expanded advanced genetics portfolio, and reduce expenditure

Conclusion

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Chairman 

- + We continue to believe the foundation is firmly in place to offer significant value to shareholders
- + The best way to achieve this is via share price performance driven by earnings and cash generation
- + Our share price performance is disappointing, however we are confident as we continue to demonstrate improved earnings and cash flow this year and next year, the gap between underlying value and the share price will close




Dave Knott
Chairman 

Questions



Resolutions



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Voting icon

Resolution 1

To re-elect Ranjan Tandon as a Director



Resolution 2

To re-elect Paul Smart as a Director



Resolution 3

To authorise the Directors to fix Deloitte’s fees and expenses as the Company’s Auditor for the year ended 31 March 2021